

August 20, 2004

The Honorable Michael Powell  
Chairman  
Federal Communications Commission  
445 12th Street SW  
Washington, DC 20554  
866-418-0232

*Via Facsimile and Electronic Mail*  
866-418-0232  
Michael.Powell@fcc.gov

Re: WCB Docket Nos. 96-98, 98-147, 01-338

Dear Chairman Powell:

The Louisiana Public Service Commission has worked tirelessly to bring the benefits of local telephone competition to the citizens of our State – more choices, the deployment of advanced technologies, innovative service offerings and lower prices. Through our Regulations for Competition in the Local Telecommunications Market, UNE rate orders and an extensive series of LEC Collaboratives, the LPSC has fostered an environment for competition to grow. As a result, competing carriers have invested millions of dollars in network facilities in Louisiana and are providing service to thousands of consumers. Those consumers, both residential and business, have started to enjoy the benefits of competition.

I am seriously concerned, however, that the FCC's Interim Regulations do not adequately ensure continued access by competing carriers to necessary UNEs, including high capacity loops and transport and unbundled switching, at cost-based rates. While the FCC voted last month to provide six months of continued cost-based access to these UNEs, I understand that automatic price increases of 15% for existing customers would go into effect after that period, regardless of whether the Commission adopts final regulations. Even worse, competing carriers wishing to serve new customers would lose cost-based access to these UNEs altogether. Recent studies indicate that without cost-based access, competing carriers may face cost increases of over 100% for DS1 loops and EELs. Rather than *grow* competition, such regulations would *erode* competition and result in rate hikes for Louisiana consumers – clearly at odds with the goals of the LPSC.

The LPSC is uniquely situated fairly balance the interests of both incumbent local exchange carriers and competing carriers so as to serve the needs and interests of

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Louisiana citizens. To that end, we also understand the importance of working with the FCC to achieve the goals Congress set forth in the Telecommunications Act. As the FCC has previously found that competing carriers were impaired without access to high capacity loops (including EELs) and high capacity transport, at a minimum, it should not adopt interim regulations that would impose automatic or arbitrary rate hikes on those carriers if the FCC cannot complete its final regulations within the six-month period. If the FCC is nevertheless determined to end the standstill period for some UNEs after six months, the FCC should, at minimum, preserve access to DS-1 loop UNEs. Failing that, the FCC could simply extend the effective date of its standstill order until the new UNE rules take effect.

One recent study found that Louisiana consumers stand to suffer over \$90 million dollars in lost savings if competitive carriers are forced to transition from the cost-based rate set by the LPSC to Special Access rates for DS1 loops alone.<sup>1</sup> This result is not good for consumers, not good for Louisiana and not good for the country.

Thank you for your consideration of these comments. I know the LPSC looks forward to working with the FCC to continue to bring the benefits of competition to consumers in Louisiana and across the nation.

Sincerely,

Irma Muse Dixon  
Chairman, Louisiana Public Service Commission

cc: Commissioner Kathleen Q. Abernathy  
Commissioner Michael J. Copps  
Commissioner Kevin J. Martin  
Commissioner Jonathan S. Adelstein

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<sup>1</sup> The Economic Impact of the Elimination of DS-1 Loops and Transport as Unbundled Network Elements, Microeconomic Consulting and Research Associates, Inc., June 29, 2004.